

UNITED STATES BANKRUPTCY COURT

District of Arizona

In re Law Offices of Donald W. Hudspeth, PC
Debtor

Case No. 2:09BK-30000 PHX-CGC

Small Business Case under Chapter 11

SMALL BUSINESS MONTHLY OPERATING REPORT

Month: August 2010

Date filed: _____

Line of Business: Legal Services

NAISC Code: _____

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING SMALL BUSINESS MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY:

Donald W. Hudspeth
Original Signature of Responsible Party

Donald W. Hudspeth
Printed Name of Responsible Party

Questionnaire: (All questions to be answered on behalf of the debtor.)

| | Yes | No |
|---|-------------------------------------|-------------------------------------|
| 1. IS THE BUSINESS STILL OPERATING? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 2. HAVE YOU PAID ALL YOUR BILLS ON TIME THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 3. DID YOU PAY YOUR EMPLOYEES ON TIME? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 4. HAVE YOU DEPOSITED ALL THE RECEIPTS FOR YOUR BUSINESS INTO THE DIP ACCOUNT THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 5. HAVE YOU FILED ALL OF YOUR TAX RETURNS AND PAID ALL OF YOUR TAXES THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 6. HAVE YOU TIMELY FILED ALL OTHER REQUIRED GOVERNMENT FILINGS? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 7. HAVE YOU PAID ALL OF YOUR INSURANCE PREMIUMS THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 8. DO YOU PLAN TO CONTINUE TO OPERATE THE BUSINESS NEXT MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 9. ARE YOU CURRENT ON YOUR QUARTERLY FEE PAYMENT TO THE U.S. TRUSTEE? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 10. HAVE YOU PAID ANYTHING TO YOUR ATTORNEY OR OTHER PROFESSIONALS THIS MONTH? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| 11. DID YOU HAVE ANY UNUSUAL OR SIGNIFICANT UNANTICIPATED EXPENSES THIS MONTH? | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |
| 12. HAS THE BUSINESS SOLD ANY GOODS OR PROVIDED SERVICES OR TRANSFERRED ANY ASSETS TO ANY BUSINESS RELATED TO THE DIP IN ANY WAY? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 13. DO YOU HAVE ANY BANK ACCOUNTS OPEN OTHER THAN THE DIP ACCOUNT? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

B 25C (Official Form 25C) (12/08)

14. HAVE YOU SOLD ANY ASSETS OTHER THAN INVENTORY THIS MONTH? ☐ ☒
15. DID ANY INSURANCE COMPANY CANCEL YOUR POLICY THIS MONTH? ☐ ☒
16. HAVE YOU BORROWED MONEY FROM ANYONE THIS MONTH? ☐ ☒
17. HAS ANYONE MADE AN INVESTMENT IN YOUR BUSINESS THIS MONTH? ☐ ☒
18. HAVE YOU PAID ANY BILLS YOU OWED BEFORE YOU FILED BANKRUPTCY? ☐ ☒

TAXESDO YOU HAVE ANY PAST DUE TAX RETURNS OR PAST DUE POST-PETITION TAX OBLIGATIONS? ☒ ☐

IF YES, PLEASE PROVIDE A WRITTEN EXPLANATION INCLUDING WHEN SUCH RETURNS WILL BE FILED, OR WHEN SUCH PAYMENTS WILL BE MADE AND THE SOURCE OF THE FUNDS FOR THE PAYMENT.

(Exhibit A)

INCOME

PLEASE SEPARATELY LIST ALL OF THE INCOME YOU RECEIVED FOR THE MONTH. THE LIST SHOULD INCLUDE ALL INCOME FROM CASH AND CREDIT TRANSACTIONS. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL INCOME \$ 50,167**SUMMARY OF CASH ON HAND**

Cash on Hand at Start of Month

\$ 4,126

Cash on Hand at End of Month

\$ 13,433PLEASE PROVIDE THE TOTAL AMOUNT OF CASH CURRENTLY AVAILABLE TO YOU TOTAL \$ 12,207

(Exhibit B)

EXPENSES

PLEASE SEPARATELY LIST ALL EXPENSES PAID BY CASH OR BY CHECK FROM YOUR BANK ACCOUNTS THIS MONTH. INCLUDE THE DATE PAID, WHO WAS PAID THE MONEY, THE PURPOSE AND THE AMOUNT. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL EXPENSES \$ 40,860

(Exhibit C)

CASH PROFIT

INCOME FOR THE MONTH (TOTAL FROM EXHIBIT B)

\$ 50,167

EXPENSES FOR THE MONTH (TOTAL FROM EXHIBIT C)

\$ 40,860

(Subtract Line C from Line B)

CASH PROFIT FOR THE MONTH \$ 9,307

UNPAID BILLS

PLEASE ATTACH A LIST OF ALL DEBTS (INCLUDING TAXES) WHICH YOU HAVE INCURRED SINCE THE DATE YOU FILED BANKRUPTCY BUT HAVE NOT PAID. THE LIST MUST INCLUDE THE DATE THE DEBT WAS INCURRED, WHO IS OWED THE MONEY, THE PURPOSE OF THE DEBT AND WHEN THE DEBT IS DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL PAYABLES \$ 6,890

(Exhibit D)

MONEY OWED TO YOU

PLEASE ATTACH A LIST OF ALL AMOUNTS OWED TO YOU BY YOUR CUSTOMERS FOR WORK YOU HAVE DONE OR THE MERCHANDISE YOU HAVE SOLD. YOU SHOULD INCLUDE WHO OWES YOU MONEY, HOW MUCH IS OWED AND WHEN IS PAYMENT DUE. (THE U.S. TRUSTEE MAY WAIVE THIS REQUIREMENT.)

TOTAL RECEIVABLES \$ 19,440

(Exhibit E)

BANKING INFORMATION

PLEASE ATTACH A COPY OF YOUR LATEST BANK STATEMENT FOR EVERY ACCOUNT YOU HAVE AS OF THE DATE OF THIS FINANCIAL REPORT OR HAD DURING THE PERIOD COVERED BY THIS REPORT.

(Exhibit F)

EMPLOYEES

NUMBER OF EMPLOYEES WHEN THE CASE WAS FILED?

NUMBER OF EMPLOYEES AS OF THE DATE OF THIS MONTHLY REPORT?

7
6**PROFESSIONAL FEES****BANKRUPTCY RELATED:**

PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?

\$ 0

TOTAL PROFESSIONAL FEES RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?

\$ 7,100**NON-BANKRUPTCY RELATED:**

PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID DURING THIS REPORTING PERIOD?

\$ 803

TOTAL PROFESSIONAL FEES NOT RELATING TO THE BANKRUPTCY CASE PAID SINCE THE FILING OF THE CASE?

\$ 6,810

Case No 2:09 BK-30000-PHX-CGC

August 2010

PROJECTIONS

COMPARE YOUR ACTUAL INCOME AND EXPENSES TO THE PROJECTIONS FOR THE FIRST 180 DAYS OF YOUR CASE PROVIDED AT THE INITIAL DEBTOR INTERVIEW.

| | Projected | Actual | Difference |
|-------------|------------------|------------------|------------------|
| INCOME | \$ <u>36,732</u> | \$ <u>50,167</u> | \$ <u>13,435</u> |
| EXPENSES | \$ <u>34,876</u> | \$ <u>37,466</u> | \$ <u>2,590</u> |
| CASH PROFIT | \$ <u>1,856</u> | \$ <u>12,700</u> | \$ <u>10,845</u> |

TOTAL PROJECTED INCOME FOR THE NEXT MONTH:

\$ 36,732

TOTAL PROJECTED EXPENSES FOR THE NEXT MONTH:

\$ 35,426

TOTAL PROJECTED CASH PROFIT FOR THE NEXT MONTH:

\$ 1,306

ADDITIONAL INFORMATION

PLEASE ATTACH ALL FINANCIAL REPORTS INCLUDING AN INCOME STATEMENT AND BALANCE SHEET WHICH YOU PREPARE INTERNALLY.

August 2010
EXHIBIT A

Case No. 2:09 BK-30000 PHX-CGC

You may insert a brief statement here about when your tax return will be filed and/or when the payment of any taxes due will be made, as well as the source of the funds.

If your response is short, you may also insert the information directly onto page 2 of the monthly report form.

There is a balance of \$1,567.44 due the IRS for unpaid payroll withholding taxes. We will be making arrangements to pay in installments if they will allow it, from normal operating account funds.

There is also a payable to the Arizona Department of Revenue for unpaid withholding taxes in the amount of \$492.89, which will be paid in the same manner.

EXHIBIT B

Case No. 2:09 BK-30000-PHX-CGC

August 2010

| | BANK ACCOUNTS | | | | Total |
|--|---------------|---------|--------|-------|-------|
| | Operating | Payroll | Tax | Other | |
| | # 3989 | # 4326 | # 3451 | # | |

| | | | | | |
|------------------------------------|------|----|----|--|-------|
| Cash on Hand at Beginning of Month | 3989 | 88 | 49 | | 4,126 |
|------------------------------------|------|----|----|--|-------|

| RECEIPTS | | | | | |
|------------------------------------|----------|--------|-------|--|--------|
| Cash Sales | 50,167 | | | | 50,167 |
| Accounts Receivable - Prepetition | | | | | |
| Accounts Receivable - Postpetition | | | | | |
| Loans and Advances | | | | | |
| Sale of Assets | | | | | |
| Transfers from Other DIP Accounts | <22,981> | 17,053 | 5,928 | | |
| Other (attach a list or details) | | | | | |
| | | | | | |
| TOTAL INCOME | 27,186 | 17,053 | 5,928 | | 50,167 |
| Total Cash | 31,175 | 17,141 | 5,977 | | 54,293 |
| TOTAL DISBURSEMENTS (Exhibit C) | 17,903 | 17,065 | 5,892 | | 40,860 |
| Cash on Hand at End of Month | 13,272 | 76 | 85 | | 13,433 |

EXHIBIT C

EXPENSE DETAIL - Continuation Sheet

n Sheet 3989 Operating
4326 Payroll
Account # 3451 Tax

Bank Name CHASE

See Attached

[illegible]

TOTAL CHECKS - THIS PAGE

Law Offices of Donald Hudspeth, PC
Check Detail
August 2010

EXHIBIT C EXPENSE DETAIL

CASE NO: 2:09 BK-30000-PHX-CGC

Operating Account 3989

| Type | Num | Date | Name | Account | Paid Amount | Original Amount |
|-------|-----|------------|----------------------|---|-------------|-----------------|
| Check | ACH | 08/02/2010 | Paymentech | 1106 · Chase-OPERATING (Checking) 3989 6147 · Credit Card Merchant Charges | -200.28 | -200.28 |
| TOTAL | | | | | -200.28 | 200.28 |
| Check | ACH | 08/03/2010 | Paymentech | 1106 · Chase-OPERATING (Checking) 3989 6147 · Credit Card Merchant Charges | -200.28 | -200.28 |
| TOTAL | | | | | -284.68 | 284.68 |
| Check | ACH | 08/05/2010 | American Express | 1106 · Chase-OPERATING (Checking) 3989 6147 · Credit Card Merchant Charges | -24.38 | -24.38 |
| TOTAL | | | | | -24.38 | 24.38 |
| Check | ACH | 08/13/2010 | CompuPay | 1106 · Chase-OPERATING (Checking) 3989 6560 · Payroll Expenses | -51.02 | -51.02 |
| TOTAL | | | | | -51.02 | 51.02 |
| Check | ACH | 08/16/2010 | LEXIS NEXIS-Research | 1106 · Chase-OPERATING (Checking) 3989 6285 · Research | -290.00 | -290.00 |
| TOTAL | | | | | -290.00 | 290.00 |
| Check | ACH | 08/20/2010 | QWEST | 1106 · Chase-OPERATING (Checking) 3989 6320 · Telephone | -615.90 | -615.90 |
| TOTAL | | | | | -615.90 | 615.90 |
| Check | ACH | 08/20/2010 | Arrowhead | 1106 · Chase-OPERATING (Checking) 3989 6310 · Office Expense | -53.68 | -53.68 |
| TOTAL | | | | | -53.68 | 53.68 |
| Check | ACH | 08/20/2010 | USPTO | 1106 · Chase-OPERATING (Checking) 3989 6280 · Filing Fees & Publications | -325.00 | -325.00 |
| TOTAL | | | | | -325.00 | 325.00 |
| Check | ACH | 08/23/2010 | AT&T | 1106 · Chase-OPERATING (Checking) 3989 6143 · Computer Expense 6320 · Telephone | -30.00 | -30.00 |
| TOTAL | | | | | -144.00 | 144.00 |
| | | | | | -174.00 | 174.00 |

Law Offices of Donald Hudspeth, PC

Check Detail

| Type | Num | Date | Name | August 2010 Account | Paid Amount | Original Amount |
|-------|-----|------------|-------------------------------------|---|-------------|-----------------|
| Check | ACH | 08/24/2010 | USPTO | 1106 · Chase-OPERATING (Checking) 3989 6280 · Filing Fees & Publications | -325.00 | -325.00 |
| TOTAL | | | | | -325.00 | 325.00 |
| Check | ACH | 08/24/2010 | USPTO | 1106 · Chase-OPERATING (Checking) 3989 6280 · Filing Fees & Publications | -325.00 | -325.00 |
| TOTAL | | | | | -325.00 | 325.00 |
| Check | ACH | 08/24/2010 | USPTO | 1106 · Chase-OPERATING (Checking) 3989 6280 · Filing Fees & Publications | -650.00 | -650.00 |
| TOTAL | | | | | -650.00 | 650.00 |
| Check | ACH | 08/25/2010 | Premium Financing Specialists, Inc. | 1106 · Chase-OPERATING (Checking) 3989 6186 · Professional Liability Ins | -210.82 | -210.82 |
| TOTAL | | | | | -210.82 | 210.82 |
| Check | ACH | 08/27/2010 | CompuPay | 1106 · Chase-OPERATING (Checking) 3989 6560 · Payroll Expenses | -51.02 | -51.02 |
| TOTAL | | | | | -51.02 | 51.02 |
| Check | ACH | 08/31/2010 | Chase Bank | 1106 · Chase-OPERATING (Checking) 3989 6115 · Bank Service Charges | -8.00 | -8.00 |
| TOTAL | | | | | -8.00 | 8.00 |

TOTAL ELECTRONIC PAYMENTS

3,588.78

| | | | | | | |
|-------|------|------------|---------------------------|---|---------|---------|
| Check | 1224 | 08/02/2010 | Wayne H. Clouser, CPA | 1106 · Chase-OPERATING (Checking) 3989 6277 · Accounting Fees | -725.00 | -725.00 |
| TOTAL | | | | | -725.00 | 725.00 |
| Check | 1225 | 08/02/2010 | AT&T | 1106 · Chase-OPERATING (Checking) 3989 6143 · Computer Expense | -175.58 | -175.58 |
| TOTAL | | | | | -175.58 | 175.58 |
| Check | 1226 | 08/02/2010 | Andrew M. Ellis Law, PLLC | 1106 · Chase-OPERATING (Checking) 3989 3100 · Distributions | -500.00 | -500.00 |
| TOTAL | | | | | -500.00 | 500.00 |
| Check | 1227 | 08/05/2010 | Thomas Gadd | 1106 · Chase-OPERATING (Checking) 3989 | -132.50 | -132.50 |

Law Offices of Donald Hudspeth, PC

Check Detail

| Type | Num | Date | Name | August 2010 Account | Paid Amount | Original Amount |
|-------|------|------------|-------------------------------|--|-------------|-----------------|
| TOTAL | | | | | | |
| | | | | 6149 · Client Costs | -5.00 | 5.00 |
| | | | | 6149 · Client Costs | -0.50 | 0.50 |
| | | | | 6149 · Client Costs | -127.00 | 127.00 |
| | | | | | -132.50 | 132.50 |
| Check | 1228 | 08/05/2010 | Bank of America (Equity Line) | 1106 · Chase-OPERATING (Checking) 3989 | | -402.73 |
| TOTAL | | | | 3100 · Distributions | -402.73 | 402.73 |
| | | | | | -402.73 | 402.73 |
| Check | 1229 | 08/05/2010 | LexisNexis Martindale | 1106 · Chase-OPERATING (Checking) 3989 | | -1,627.92 |
| TOTAL | | | | 6250 · Marketing-Business Promotion | -1,627.92 | 1,627.92 |
| | | | | | -1,627.92 | 1,627.92 |
| Check | 1230 | 08/06/2010 | SPRINT | 1106 · Chase-OPERATING (Checking) 3989 | | -61.11 |
| TOTAL | | | | 6143 · Computer Expense | -61.11 | 61.11 |
| | | | | | -61.11 | 61.11 |
| Check | 1231 | 08/06/2010 | Expert IT Solutions | 1106 · Chase-OPERATING (Checking) 3989 | | -274.91 |
| TOTAL | | | | 6143 · Computer Expense | -274.91 | 274.91 |
| | | | | | -274.91 | 274.91 |
| Check | 1232 | 08/08/2010 | Donald Hudspeth | 1106 · Chase-OPERATING (Checking) 3989 | | -200.00 |
| TOTAL | | | | 6310 · Office Expense | -21.05 | 21.05 |
| | | | | 6156 · Education Expense | -165.00 | 165.00 |
| | | | | 6283 · Business Meetings/Meals | -13.95 | 13.95 |
| | | | | | -200.00 | 200.00 |
| Check | 1234 | 08/16/2010 | Molly Leyva | 1106 · Chase-OPERATING (Checking) 3989 | | -950.00 |
| TOTAL | | | | 4100 · Legal Fees Earned | -950.00 | 950.00 |
| | | | | | -950.00 | 950.00 |
| Check | 1235 | 08/16/2010 | Jo Anne Joy | 1106 · Chase-OPERATING (Checking) 3989 | | 0.00 |
| TOTAL | | | | | 0.00 | 0.00 |
| Check | 1236 | 08/16/2010 | Jo Ann Joy PLLC | 1106 · Chase-OPERATING (Checking) 3989 | | -150.00 |
| TOTAL | | | | 6148 · Contract Labor | -150.00 | 150.00 |
| | | | | | -150.00 | 150.00 |
| Check | 1237 | 08/16/2010 | Az Corp Commission | 1106 · Chase-OPERATING (Checking) 3989 | | -60.00 |
| TOTAL | | | | 6280 · Filing Fees & Publications | -60.00 | 60.00 |
| | | | | | -60.00 | 60.00 |
| Check | 1238 | 08/24/2010 | Donald Hudspeth | 1106 · Chase-OPERATING (Checking) 3989 | | -800.00 |

Check Detail

| Type | Num | Date | Name | August 2010 Account | Paid Amount | Original Amount |
|-------|------|------------|--|--|-------------|-----------------|
| TOTAL | | | | 3100 · Distributions | -800.00 | 800.00 |
| Check | 1239 | 08/23/2010 | Archive Systems, Inc. | 1106 · Chase-OPERATING (Checking) 3989 | -800.00 | 800.00 |
| TOTAL | | | | 6312 · Storage | -157.92 | -157.92 |
| Check | 1240 | 08/18/2010 | Jo Ann Joy PLLC | 1106 · Chase-OPERATING (Checking) 3989 | -157.92 | 157.92 |
| TOTAL | | | | 4100 · Legal Fees Earned | -426.00 | -426.00 |
| Check | 1241 | 08/24/2010 | Arizona Bar Foundation IOLTA Trust, 1106 · Chase-OPERATING (Checking) 3989 | 4100 · Legal Fees Earned | -426.00 | 426.00 |
| TOTAL | | | | 4100 · Legal Fees Earned | -1,000.00 | -1,000.00 |
| Check | 1243 | 08/26/2010 | MATHEW BENDER & CO.,INC. | 1106 · Chase-OPERATING (Checking) 3989 | -1,000.00 | 1,000.00 |
| TOTAL | | | | 6143 · Computer Expense | -1,952.70 | -1,952.70 |
| Check | 1244 | 08/26/2010 | NBS-3030 Central OpCo, LLC | 1106 · Chase-OPERATING (Checking) 3989 | -1,952.70 | 1,952.70 |
| TOTAL | | | | 6295 · Rent | -3,170.34 | -3,170.34 |
| Check | 1245 | 08/26/2010 | Thomas Gadd | 1106 · Chase-OPERATING (Checking) 3989 | -3,170.34 | 3,170.34 |
| TOTAL | | | | 6280 · Filing Fees & Publications | -325.00 | -325.00 |
| Check | 1246 | 08/26/2010 | LOMAP | 1106 · Chase-OPERATING (Checking) 3989 | -325.00 | 325.00 |
| TOTAL | | | | 6276 · Legal Fees - Expense | -78.12 | -78.12 |
| Check | 1247 | 08/27/2010 | Arizona Department of Revenue | 1106 · Chase-OPERATING (Checking) 3989 | -78.12 | 78.12 |
| TOTAL | | | | 3100 · Distributions | -560.00 | -560.00 |
| Check | 1248 | 08/27/2010 | Jo Ann Joy PLLC | 1106 · Chase-OPERATING (Checking) 3989 | -560.00 | 560.00 |
| TOTAL | | | | 4100 · Legal Fees Earned | -150.00 | -150.00 |
| Check | 1249 | 08/31/2010 | United States Treasury | 1106 · Chase-OPERATING (Checking) 3989 | -150.00 | 150.00 |
| TOTAL | | | | 3100 · Distributions | -2,450.00 | -2,450.00 |
| | | | | | -2,450.00 | 2,450.00 |

Law Offices of Donald Hudspeth, PC

Check Detail

| Type | Num | Date | Name | August 2010 Account | Paid Amount | Original Amount |
|-------|-----------|------------|-----------------|--|-------------|-----------------|
| Check | 1250 | 08/30/2010 | NRG Coterie LLC | 1106 · Chase-OPERATING (Checking) 3989 | -480.00 | -480.00 |
| | | | | 6280 · Filing Fees & Publications | 480.00 | 480.00 |
| TOTAL | | | | | -480.00 | 480.00 |
| Check | 1298 | 08/31/2010 | QWEST | 1106 · Chase-OPERATING (Checking) 3989 | -307.50 | -307.50 |
| | | | | 6320 · Telephone | 307.50 | 307.50 |
| TOTAL | | | | | -307.50 | 307.50 |
| Check | 941990871 | 08/31/2010 | AETNA | 1106 · Chase-OPERATING (Checking) 3989 | -1,041.00 | -1,041.00 |
| | | | | 6192 · Medical Insurance | 1,041.00 | 1,041.00 |
| TOTAL | | | | | -1,041.00 | 1,041.00 |

Add back checks already deducted from income (e.g., refunds)

-3,844.00

TOTAL CHECKS - OPERATING
ADD ELECTRONIC PAYMENTS

14,314.33
3,588.78

TOTAL DISBURSEMENTS - OPERATING

17,903.11

DISBURSEMENTS - PAYROLL

17,065.61

DISBURSEMENTS - TAXES

5,892.43

3:45 PM

Law Offices of Donald Hudspeth, PC

09/22/10

Account QuickReport

Accrual Basis

As of August 31, 2010

Case No: 2:09 BK-30000-PHX-LGC

Exhibit C

| Type | Date | Num | Name | Memo | Split | Amount | Balance |
|--|-----------|----------|----------|----------------|-----------------|-----------|----------|
| 1107 · Chase - PAYROLL (Checking) 4326 | | | | | | | 88.00 |
| Transfer | 8/12/2010 | ACH | | Funds Transfer | 1106 · Chas... | 8,590.48 | 8,678.48 |
| General Journal | 8/13/2010 | Rev E... | Payroll | NET PAYROLL | -SPLIT- | -8,590.48 | 88.00 |
| Transfer | 8/26/2010 | | | Funds Transfer | 1106 · Chas... | 8,463.13 | 8,551.13 |
| General Journal | 8/27/2010 | Rev E... | Compu... | NET PAYROLL | -SPLIT- | -8,463.13 | 88.00 |
| Check | 8/31/2010 | | | Service Charge | 6115 · Bank ... | -12.00 | 76.00 |
| Total 1107 · Chase - PAYROLL (Checking) 4326 | | | | | | -12.00 | 76.00 |
| TOTAL | | | | | | -12.00 | 76.00 |

5:00 PM

Law Offices of Donald Hudspeth, PC

10/15/10

Account QuickReport

Accrual Basis

EXHIBIT C

As of August 31, 2010

Case No. 2:09-BK-30000-PHX CGC

| Type | Date | Num | Name | Memo | Split | Amount | Balance |
|--|-----------|---------|---------------|-----------------|--------------------|--------------|--------------|
| 1108 · Chase - TAX (Saving) 3451 | | | | | | | 49.50 |
| Transfer | 8/12/2010 | | | Funds Transfer | 1106 · Chase-... | 2,961.22 ✓ | 3,010.72 |
| General Journal | 8/13/2010 | Rev ... | PAYROLL TAXES | PAYROLL T... | 1107 · Chase ... | -2,961.22 | 49.50 |
| Check | 8/26/2010 | ACH | Chase Bank | NSF fee | 6115 · Bank S... | -34.00 | 15.50 |
| Transfer | 8/27/2010 | | | Funds Transfer | 1106 · Chase-... | 2,882.21 ✓ | 2,897.71 |
| General Journal | 8/27/2010 | Rev ... | CompuPay | PAYROLL T... | 1107 · Chase ... | -2,882.21 | 15.50 |
| Transfer | 8/27/2010 | | | Funds Transfer | 1106 · Chase-... | 84.50 ✓ | 100.00 |
| Check | 8/31/2010 | | | Service Char... | 6115 · Bank S... | -15.00 | 85.00 |
| Deposit | 8/31/2010 | | | Interest | 7100 · Interest... | 0.02 | 85.02 |
| Total 1108 · Chase - TAX (Saving) 3451 | | | | | | 35.52 | 85.02 |
| TOTAL | | | | | | 35.52 | 85.02 |

Register: 1106 · Chase-OPERATING (Checking) 3989

From 08/01/2010 through 08/31/2010

Sorted by: Date, Type, Number/Ref

Case No. 2:09 BK-30000-PHX-CGC

Detail to EXHIBIT C

p. 1 of 2

| Date | Number | Payee | Account | Memo | Payment | C | Deposit | Balance |
|------------|--------|---------------------|-------------------------|------------------|----------|---|-----------|-----------|
| 08/01/2... | | | 4100 · Legal Fees E... | Deposit: And... | | X | 23.43 | 4,012.08 |
| 08/02/2... | | | 4100 · Legal Fees E... | Deposit: Nat... | | X | 1,230.00 | 5,242.08 |
| 08/02/2... | ACH | Paymentech | 6147 · Credit Card ... | Merchant Fe... | 200.28 | X | | 5,041.80 |
| 08/02/2... | 1224 | Wayne H. Clouse... | 6275 · Professional ... | 2009 Tax Re... | 725.00 | X | | 4,316.80 |
| 08/02/2... | 1225 | AT&T | 6143 · Computer E... | Acct 265008... | 175.58 | X | | 4,141.22 |
| 08/02/2... | 1226 | Andrew M. Ellis ... | 3100 · Distributions | Invoice #536... | 500.00 | X | | 3,641.22 |
| 08/03/2... | | | -split- | Deposit: Bet... | | X | 59.54 | 3,700.76 |
| 08/03/2... | ACH | Paymentech | 6147 · Credit Card ... | Merchant Fe... | 284.68 | X | | 3,416.08 |
| 08/04/2... | | | -split- | Deposit: Nat... | | X | 2,750.00 | 6,166.08 |
| 08/05/2... | | | 4100 · Legal Fees E... | Deposit | | X | 835.00 | 7,001.08 |
| 08/05/2... | ACH | American Express | 6147 · Credit Card ... | Merchant Fe... | 24.38 | X | | 6,976.70 |
| 08/05/2... | 1227 | Thomas Gadd | -split- | Reimburse: ... | 132.50 | X | | 6,844.20 |
| 08/05/2... | 1228 | Bank of America ... | -split- | 6817 9003 53... | 402.73 | X | | 6,441.47 |
| 08/05/2... | 1229 | LexisNexis Marti... | 6250 · Marketing-B... | Acct 137QZ... | 1,627.92 | X | | 4,813.55 |
| 08/06/2... | | | 4100 · Legal Fees E... | Deposit | | X | 2,714.00 | 7,527.55 |
| 08/06/2... | 1230 | SPRINT | 6143 · Computer E... | Acct. 973508... | 61.11 | X | | 7,466.44 |
| 08/06/2... | 1231 | Expert IT Solutions | -split- | Invoice 1003... | 274.91 | X | | 7,191.53 |
| 08/07/2... | | | 4100 · Legal Fees E... | Deposit: Cra... | | X | 750.00 | 7,941.53 |
| 08/08/2... | 1232 | Donald Hudspeth | -split- | Officer Distr... | 200.00 | X | | 7,741.53 |
| 08/10/2... | | | -split- | Deposit | | X | 1,858.69 | 9,600.22 |
| 08/10/2... | | | 4100 · Legal Fees E... | Deposit: Ant... | | X | 750.00 | 10,350.22 |
| 08/10/2... | | | -split- | Deposit: Cra... | | X | 1,386.35 | 11,736.57 |
| 08/10/2... | | | -split- | Deposit: Esp... | | X | 536.04 | 12,272.61 |
| 08/12/2... | | | -split- | Deposit | | X | 13,679.02 | 25,951.63 |
| 08/12/2... | | | -split- | Deposit: Maj... | | X | 1,054.25 | 27,005.88 |
| 08/12/2... | | | 1108 · Chase - TAX... | Funds Trans... | 2,961.22 | X | | 24,044.66 |
| 08/12/2... | ACH | | 1107 · Chase - PAY... | Funds Trans... | 8,590.48 | X | | 15,454.18 |
| 08/13/2... | | | 4100 · Legal Fees E... | Deposit: Una... | | X | 750.00 | 16,204.18 |
| 08/13/2... | ACH | CompuPay | 6560 · Payroll Expe... | Pay Period 8... | 51.02 | X | | 16,153.16 |
| 08/15/2... | | QWEST | -split- | VOID: 602-2... | | X | | 16,153.16 |
| 08/16/2... | | | -split- | Deposit | | X | 913.64 | 17,066.80 |
| 08/16/2... | | | 4100 · Legal Fees E... | Deposit: Don... | | X | 750.00 | 17,816.80 |
| 08/16/2... | ACH | LEXIS NEXIS-Re... | 6285 · Research | Acct 13927C... | 290.00 | X | | 17,526.80 |
| 08/16/2... | 1234 | Molly Leyva | -split- | Client Refun... | 950.00 | X | | 16,576.80 |
| 08/16/2... | 1235 | Jo Anne Joy | -split- | VOID: BK C... | | X | | 16,576.80 |
| 08/16/2... | 1236 | Jo Ann Joy PLLC | -split- | BK Consulta... | 150.00 | X | | 16,426.80 |
| 08/16/2... | 1237 | Az Corp Commiss... | -split- | Articles of D... | 60.00 | X | | 16,366.80 |
| 08/17/2... | | | 4100 · Legal Fees E... | Deposit | | X | 1,093.23 | 17,460.03 |

Register: 1106 · Chase-OPERATING (Checking) 3989

From 08/01/2010 through 08/31/2010

Sorted by: Date, Type, Number/Ref

Case No. 2:09 BK-30000-PHX-CGC
p 2 of 2

| Date | Number | Payee | Account | Memo | Payment | C | Deposit | Balance |
|------------|-----------|----------------------|-------------------------|------------------|----------|---|----------|-----------|
| 08/18/2... | 1240 | Jo Ann Joy PLLC | 4100 · Legal Fees E... | Re: Cook's ... | 426.00 | X | | 17,034.03 |
| 08/19/2... | | | -split- | Deposit | | X | 4,000.00 | 21,034.03 |
| 08/20/2... | | | 4100 · Legal Fees E... | Deposit | | X | 350.00 | 21,384.03 |
| 08/20/2... | | | 4100 · Legal Fees E... | Deposit | | X | 400.00 | 21,784.03 |
| 08/20/2... | ACH | QWEST | -split- | 602-265-799... | 615.90 | X | | 21,168.13 |
| 08/20/2... | ACH | Arrowhead | 6310 · Office Expense | Acct. 002275... | 53.68 | X | | 21,114.45 |
| 08/20/2... | ACH | USPTO | -split- | Application-... | 325.00 | X | | 20,789.45 |
| 08/23/2... | ACH | AT&T | -split- | Acct 265008... | 174.00 | X | | 20,615.45 |
| 08/23/2... | 1239 | Archive Systems, ... | -split- | Acct 0999 | 157.92 | X | | 20,457.53 |
| 08/24/2... | ACH | USPTO | -split- | Application-... | 325.00 | X | | 20,132.53 |
| 08/24/2... | ACH | USPTO | -split- | Application-... | 325.00 | X | | 19,807.53 |
| 08/24/2... | ACH | USPTO | -split- | Application ... | 650.00 | X | | 19,157.53 |
| 08/24/2... | 1238 | Donald Hudspeth | 3100 · Distributions | Officer Distr... | 800.00 | X | | 18,357.53 |
| 08/24/2... | 1241 | Arizona Bar Fou... | -split- | Into OPR ac... | 1,000.00 | X | | 17,357.53 |
| 08/25/2... | | | -split- | Deposit | | X | 8,510.11 | 25,867.64 |
| 08/25/2... | | | -split- | Deposit: Ellis | | X | 3,105.00 | 28,972.64 |
| 08/25/2... | ACH | Premium Financi... | 6180 · Insurance:61... | NAK-89649 | 210.82 | X | | 28,761.82 |
| 08/26/2... | | | 4100 · Legal Fees E... | Deposit | | X | 247.50 | 29,009.32 |
| 08/26/2... | | | 4100 · Legal Fees E... | Deposit | | X | 1,658.13 | 30,667.45 |
| 08/26/2... | | | 4100 · Legal Fees E... | Deposit | | X | 1,329.00 | 31,996.45 |
| 08/26/2... | 1243 | MATHEW BEN... | 6143 · Computer E... | Acct. 009948... | 1,952.70 | X | | 30,043.75 |
| 08/26/2... | 1244 | NBS-3030 Centra... | 6295 · Rent | Suite 604 - S... | 3,170.34 | X | | 26,873.41 |
| 08/26/2... | 1245 | Thomas Gadd | -split- | Reimburse: ... | 325.00 | X | | 26,548.41 |
| 08/26/2... | 1246 | LOMAP | 6275 · Professional ... | 012198 File ... | 78.12 | X | | 26,470.29 |
| 08/26/2... | | | 1107 · Chase - PAY... | Funds Trans... | 8,463.13 | X | | 18,007.16 |
| 08/27/2... | | | -split- | Deposit | | X | 1,819.00 | 19,826.16 |
| 08/27/2... | ACH | CompuPay | 6560 · Payroll Expe... | Pay Period 8... | 51.02 | X | | 19,775.14 |
| 08/27/2... | 1247 | Arizona Departm... | -split- | 2010 Form 1... | 560.00 | X | | 19,215.14 |
| 08/27/2... | 1248 | Jo Ann Joy PLLC | -split- | Re: Jeff Grif... | 150.00 | X | | 19,065.14 |
| 08/27/2... | | | 1108 · Chase - TAX... | Funds Trans... | 2,882.21 | X | | 16,182.93 |
| 08/27/2... | | | 1108 · Chase - TAX... | Funds Trans... | 84.50 | X | | 16,098.43 |
| 08/30/2... | | | -split- | Deposit | | X | 550.00 | 16,648.43 |
| 08/30/2... | 1250 | NRG Coterie LLC | -split- | Reimb: Filin... | 480.00 | X | | 16,168.43 |
| 08/31/2... | | | -split- | Deposit | | X | 910.00 | 17,078.43 |
| 08/31/2... | ACH | Chase Bank | 6115 · Bank Service... | Official Che... | 8.00 | X | | 17,070.43 |
| 08/31/2... | 1249 | United States Tre... | 3100 · Distributions | 2010 Form 1... | 2,450.00 | X | | 14,620.43 |
| 08/31/2... | 1298 | QWEST | 6320 · Telephone | 602-265-799... | 307.50 | | | 14,312.93 |
| 08/31/2... | 941990... | AETNA | -split- | Initial premi... | 1,041.00 | X | | 13,271.93 |

EXHIBIT D

August 2010

| UNPAID BILLS | Date Incurred | Who is owed the money? | Purpose of the Debt | Amount Owed | Payment Due Date |
|---|---------------|------------------------|---------------------|-------------|------------------|
| Itemize Accounts Payable * | | | | | |
| Archive Sys | Aug | Archive Sys | Storage | 78.25 | 9/10/10 |
| Pitney Bowes | Aug | Pitney Bowes | postage | 282.24 | 9/13/10 |
| Owest | Aug | Owest | Telephone | 361.18 | 9/11/10 |
| Rent | Aug | NBS 3030 Central | Rent | 3170.34 | 9/01/10 |
| E-Z Messenger | Aug | E-Z Messenger | Courier Serv | 235.44 | 9/15/10 |
| Itemize Taxes Payable - | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Itemize Notes Payable - | | | | | |
| Lexis Nexis | monthly | Lexis Nexis | Research | 275.00 | 9/15/10 |
| Lexis Nexis | monthly | Martindale Hubbel | website | 814.00 | 9/10/10 |
| GE Capital | monthly | GE Capital | copiers | 912.45 | past due |
| Itemize Professional Fees Payable - | | | | | |
| AZ State Bar | monthly | LOMAP | Disciplinary Act. | 78.12 | 9/20/10 |
| CPA | July | Wayne Clouser | Tax Returns | 225.00 | past due |
| | | | | | |
| Itemize Secured Debt - | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Other - | | | | | |
| Arrowhead Water | August | Arrowhead | Drinking Water | 14.98 | 9/10/10 |
| Premium Financing | August | Premium Fin. | Profes. Liab | 210.82 | 9/22/10 |
| Expert IT Solutions | August | Expert IT Solut | Computer repair | 232.48 | Sept |
| Total Payables (same as page 3 of the report) | | | | 6890.30 | |

*Debtor may attach a separate Accounts Payable list if there are numerous debts.

EXHIBIT E

TRADE ACCOUNTS RECEIVABLES*

See Attached

| Who Owes You the Money | Amount Owed | Due Date |
|-----------------------------|-------------|----------|
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| Total Accounts Receivable | | |
| Less Discounts>Returns/etc. | | |
| Net Accounts Receivable | | |

| OTHER RECEIVABLES | Amount Owed | Due Date |
|------------------------------------|-------------|----------|
| Amounts owed by insiders - | | |
| | | |
| | | |
| | | |
| Amounts owed by employees - | | |
| | | |
| | | |
| | | |
| Amounts owed by others (explain) - | | |
| | | |
| | | |
| | | |
| | | |
| | | |

| | |
|--|--|
| TOTAL RECEIVABLES (same as report, page 3) | |
|--|--|

EXHIBIT E

Case No: 2:09 BK-30002 PHX-CGC

Oct 1/2010

Law Office Donald W. Hudspeth, P.C.
Receivables by Lawyer
To Aug 31/2010

Page 1

| Fee Credit Lawyer | Billed | Outstanding | | | Total | % Firm |
|----------------------------|-----------------|----------------|---------------|---------------|-----------------|---------------|
| | | <30 Days | 31-60 Days | 61-90 Days | | |
| DWH - Donald W. Hudspeth | | | | | | |
| Fees | 16112.50 | 921.87 | 20.10 | 140.00 | 4267.48 | 24.52% |
| Disb | 537.29 | 122.80 | 23.68 | 464.42 | 452.45 | 22.26% |
| Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00% |
| Total: | 16649.79 | 1044.67 | 43.78 | 604.42 | 4719.93 | 24.28% |
| BJF - Barton J. Fears | | | | | | |
| Fees | 13304.50 | 206.50 | 0.00 | 0.00 | 9412.62 | 54.07% |
| Disb | 1376.44 | 0.00 | 13.25 | 0.00 | 1360.29 | 66.91% |
| Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00% |
| Total: | 14680.94 | 206.50 | 13.25 | 0.00 | 10772.91 | 55.42% |
| CDP - Christopher D. Payne | | | | | | |
| Fees | 140.00 | 0.00 | 0.00 | 0.00 | 140.00 | 0.80% |
| Disb | 220.17 | 220.17 | 0.00 | 0.00 | 220.17 | 10.83% |
| Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00% |
| Total: | 360.17 | 220.17 | 0.00 | 0.00 | 360.17 | 1.85% |
| KKR - Kris K. Rezagholi | | | | | | |
| Fees | 8639.50 | 1263.98 | 419.23 | 302.22 | 2518.32 | 14.47% |
| Disb | 20.79 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00% |
| Total: | 8660.29 | 1263.98 | 419.23 | 302.22 | 2518.32 | 12.95% |
| LMJ - Lupe-Marie Jasso | | | | | | |
| Fees | 953.00 | 15.07 | 0.00 | 0.00 | 685.07 | 3.94% |
| Disb | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00% |
| Total: | 953.00 | 15.07 | 0.00 | 0.00 | 685.07 | 3.52% |
| TJG - Tom J. Gadd | | | | | | |
| Fees | 245.00 | 0.00 | 0.00 | 75.00 | 245.00 | 1.41% |
| Disb | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00% |
| Total: | 245.00 | 0.00 | 0.00 | 75.00 | 245.00 | 1.26% |
| KATT - Contract Attorney | | | | | | |
| Fees | 852.00 | 138.57 | 0.00 | 0.00 | 138.57 | 0.80% |
| Disb | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00% |
| Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00% |
| Total: | 852.00 | 138.57 | 0.00 | 0.00 | 138.57 | 0.71% |

*** Firm Summary ***

| | Billed | Outstanding | | | Total | % Firm |
|---------------|-----------------|----------------|---------------|---------------|-----------------|----------------|
| | | <30 Days | 31-60 Days | 61-90 Days | | |
| Fees | 40246.50 | 2545.99 | 439.33 | 517.22 | 17407.06 | 100.00% |
| Disb | 2154.69 | 342.97 | 36.93 | 464.42 | 2032.91 | 100.00% |
| Tax | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 100.00% |
| Total: | 42401.19 | 2888.96 | 476.26 | 981.64 | 19439.97 | 100.00% |

TOTAL A/R ON 08/31/2010.....\$19,439.97

REPORT SELECTIONS - Receivables by Lawyer

Layout Template: Monthly Report - Update

Date Range: Aug 1/2009 To Aug 31/2010

Aging as of: 8/31/2010

August 2010
EXHIBIT F

Case No. 2:09 BK-30000-PHX-CGC

Attach copies of bank statements for all open bank accounts.

If the bank statements do not cover activity from the first day to the last day of the month, attach the statements which include the majority of the applicable month's activity.



JPMorgan Chase Bank, N.A.
P O Box 659754
San Antonio, TX 78265-9754

Case No. 2:09 BK-30000-PHX-CGC
July 31, 2010 through August 31, 2010

Primary Account: 000000863883989

00084493 DRE 601 141 24410 : NNYNN T 1 000000000 65 0000

LAW OFFICES OF DONALD W HUDSPETH PC
DEBTOR IN POSSESSION CASE 2 09-BK-30000
DEBTOR IN POSSESSION
3030 N CENTRAL AVE STE 604
PHOENIX AZ 85012-2713

Handwritten:
9-10
me 12 9-10/

CUSTOMER SERVICE INFORMATION

Web site: Chase.com
Service Center: 1-800-242-7338
Hearing Impaired: 1-800-242-7383
Para Espanol: 1-888-622-4273
International Calls: 1-713-262-1679



The California State Controller may soon issue Registered Warrants to pay certain State obligations. For more information about the Registered Warrants and our policies and conditions for accepting them, please go to www.chase.com/CAWarrants.

CONSOLIDATED BALANCE SUMMARY

ASSETS

Checking & Savings

| | ACCOUNT | BEGINNING BALANCE THIS PERIOD | ENDING BALANCE THIS PERIOD |
|--|-----------------|----------------------------------|-------------------------------|
| Chase BusinessClassic | 000000863883989 | \$5,713.99 | \$20,330.59 |
| Chase Business Select High Yield Savings | 000002943613451 | 49.50 | 2,967.23 |
| Total | | \$5,763.49 | \$23,297.82 |

TOTAL ASSETS

\$5,763.49 **\$23,297.82**

All Summary Balances shown are as of August 31, 2010 unless otherwise stated. For details of your retirement accounts, credit accounts or securities accounts, you will receive separate statements. Balance summary information for annuities is provided by the issuing insurance companies and believed to be reliable without guarantee of its completeness or accuracy.



July 31, 2010 through August 31, 2010

Primary Account: **000000863883989**

BALANCING YOUR CHECKBOOK

Note: Ensure your checkbook register is up to date with all transactions to date whether they are included on your statement or not.

1. Write in the Ending Balance shown on this statement:

Step 1 Balance: \$ _____

2. List and total all deposits & additions not shown on this statement:

| Date | Amount | Date | Amount | Date | Amount |
|-------|--------|-------|--------|-------|--------|
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |

Step 2 Total: \$ _____

3. Add Step 2 Total to Step 1 Balance.

Step 3 Total: \$ _____

4. List and total all checks, ATM withdrawals, debit card purchases and other withdrawals not shown on this statement.

| Check Number or Date | Amount | Check Number or Date | Amount |
|----------------------|--------|----------------------|--------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

Step 4 Total: -\$ _____

5. Subtract Step 4 Total from Step 3 Total. This should match your Checkbook Balance: \$ _____

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC FUNDS TRANSFERS: Call or write us at the phone number or address on the front of this statement (non-personal accounts contact Customer Service) if you think your statement or receipt is incorrect or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent you the FIRST statement on which the problem or error appeared. Be prepared to give us the following information:

- Your name and account number
- The dollar amount of the suspected error
- A description of the error or transfer you are unsure of, why you believe it is an error, or why you need more information.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (or 20 business days for new accounts) to do this, we will credit your account for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation.

IN CASE OF ERRORS OR QUESTIONS ABOUT NON-ELECTRONIC TRANSACTIONS: Contact the bank immediately if your statement is incorrect or if you need more information about any non-electronic transactions (checks or deposits) on this statement. If any such error appears, you must notify the bank in writing no later than 30 days after the statement was made available to you. For more complete details, see the Account Rules and Regulations or other applicable account agreement that governs your account.



JPMorgan Chase Bank, N.A. Member FDIC



July 31, 2010 through August 31, 2010
Primary Account: 000000863883989

CHASE BUSINESSCLASSIC

LAW OFFICES OF DONALD W HUDSPETH PC
DEBTOR IN POSSESSION CASE 2 09-BK-30000

Account Number: 000000863883989

CHECKING SUMMARY

| | INSTANCES | AMOUNT |
|----------------------------|-----------|--------------------|
| Beginning Balance | | \$5,713.99 |
| Deposits and Additions | 25 | 54,001.93 |
| Checks Paid | 21 | - 11,774.01 |
| Electronic Withdrawals | 19 | - 26,562.32 |
| Fees and Other Withdrawals | 2 | - 1,049.00 |
| Ending Balance | 67 | \$20,330.59 |

Your monthly service fee was waived because you maintained an average checking balance of \$5,000 or more during the statement period.

DEPOSITS AND ADDITIONS

| DATE | DESCRIPTION | AMOUNT |
|-------|---|------------|
| 08/02 | Paymentech2 Deposit 440295408882 CCD ID: 6752044092 | \$1,450.00 |
| 08/03 | American Express Settlement 5021423694 CCD ID: 1134992250 | 23.43 |
| 08/04 | Deposit | 59.54 |
| 08/04 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 1,230.00 |
| 08/06 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 2,750.00 |
| 08/09 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 2,714.00 |
| 08/09 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 835.00 |
| 08/09 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 750.00 |
| 08/10 | Deposit | 1,858.69 |
| 08/12 | Deposit | 13,679.02 |
| 08/12 | Deposit | 1,054.25 |
| 08/12 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 750.00 |
| 08/13 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 1,386.35 |
| 08/16 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 750.00 |
| 08/17 | Deposit | 536.04 |
| 08/18 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 913.64 |
| 08/19 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 1,093.23 |
| 08/20 | American Express Settlement 5021423694 CCD ID: 1134992250 | 750.00 |
| 08/23 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 4,000.00 |
| 08/23 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 350.00 |
| 08/25 | Deposit | 8,510.11 |
| 08/25 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 400.00 |



July 31, 2010 through August 31, 2010

Primary Account: 000000863883989

DEPOSITS AND ADDITIONS

(continued)

| DATE | DESCRIPTION | AMOUNT |
|------------------------------|---|-------------|
| 08/27 | Deposit | 1,819.00 |
| 08/27 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 3,105.00 |
| 08/30 | Paymentech Deposit 5203465 CCD ID: 1020401225 | 3,234.63 |
| Total Deposits and Additions | | \$54,001.93 |

CHECKS PAID

| CHECK NO. | DESCRIPTION | DATE PAID | AMOUNT |
|-------------------|-------------|-----------|-------------|
| 1221 ^ | | 08/11 | \$3,170.34 |
| 1223 * ^ | | 08/12 | 5.00 |
| 1224 ^ | | 08/09 | 725.00 |
| 1225 ^ | | 08/09 | 175.58 |
| 1226 ^ | | 08/06 | 500.00 |
| 1227 ^ | | 08/10 | 132.50 |
| 1228 ^ | | 08/09 | 402.73 |
| 1229 ^ | | 08/11 | 1,627.92 |
| 1230 ^ | | 08/16 | 61.11 |
| 1231 ^ | | 08/11 | 274.91 |
| 1232 ^ | | 08/11 | 200.00 |
| 1234 * ^ | | 08/23 | 950.00 |
| 1236 * ^ | 08/16 | 08/16 | 150.00 |
| 1237 ^ | | 08/25 | 60.00 |
| 1238 ^ | | 08/25 | 800.00 |
| 1239 ^ | | 08/30 | 157.92 |
| 1240 ^ | 08/19 | 08/19 | 426.00 |
| 1241 ^ | | 08/25 | 1,000.00 |
| 1245 * ^ | | 08/31 | 325.00 |
| 1248 * ^ | | 08/30 | 150.00 |
| 1250 * ^ | | 08/30 | 480.00 |
| Total Checks Paid | | | \$11,774.01 |

If you see a description in the Checks Paid section, it means that we received only electronic information about the check, not the original or an image of the check. As a result, we're not able to return the check to you or show you an image.

* All of your recent checks may not be on this statement, either because they haven't cleared yet or they were listed on one of your previous statements.

^ An image of this check may be available for you to view on Chase.com.

ELECTRONIC WITHDRAWALS

| DATE | DESCRIPTION | AMOUNT |
|-------|---|----------|
| 08/03 | Paymentech2 Fee 440295408882 CCD ID: 6752044092 | \$284.68 |
| 08/03 | Paymentech Fee 440295733883 CCD ID: 6752044092 | 200.28 |
| 08/05 | American Express Axp Discnt 5021423694 CCD ID: 1134992250 | 24.38 |
| 08/12 | 08/12 Online Transfer To Mma Xxxxxx3451 Transaction#: 460254929 | 2,961.22 |
| 08/13 | 08/13 Online Transfer To Chk Xxxxx4326 Transaction#: 462018180 | 8,590.48 |
| 08/13 | Compupay Billing Phoenix AR 003 22376 CCD ID: 1860701659 | 51.02 |
| 08/16 | Lexis Nexis Online Pub 9808170 Tel ID: 0000740415 | 290.00 |



July 31, 2010 through August 31, 2010
Primary Account: 000000863883989

ELECTRONIC WITHDRAWALS (continued)

| DATE | DESCRIPTION | AMOUNT |
|------------------------------|---|-------------|
| 08/19 | Uspto EFT Paymnt 0000 CCD ID: 1310000101 | 325.00 |
| 08/23 | Qwest 8004238994 Telephone 6022657997347 CCD ID: Phxtel5002 | 615.90 |
| 08/24 | Arrowhead Water Company Npc Vpay Web ID: 0170660246 | 53.68 |
| 08/25 | Uspto EFT Paymnt 0000 CCD ID: 1310000101 | 650.00 |
| 08/25 | Uspto EFT Paymnt 0000 CCD ID: 1310000101 | 325.00 |
| 08/25 | Pfs 816-942-6336 Pfspymtnak 98266 CCD ID: 1331659615 | 210.82 |
| 08/25 | AT&T Payment 265008445137Mtz Tel ID: 9991200560 | 174.00 |
| 08/27 | 08/27 Online Transfer To Mma Xxxxxx3451 Transaction#: 557692044 | 2,882.21 |
| 08/27 | 08/27 Online Transfer To Chk Xxxxx4326 Transaction#: 557692957 | 8,463.13 |
| 08/27 | 08/27 Online Transfer To Mma Xxxxxx3451 Transaction#: 557714374 | 84.50 |
| 08/27 | Compupay Billing Phoenix AR 003 22376 CCD ID: 1860701659 | 51.02 |
| 08/30 | Uspto EFT Paymnt 0000 CCD ID: 1310000101 | 325.00 |
| Total Electronic Withdrawals | | \$26,562.32 |

FEES AND OTHER WITHDRAWALS

| DATE | DESCRIPTION | AMOUNT |
|--------------------------------|------------------------|------------|
| 08/31 | 08/31 Withdrawal | \$1,041.00 |
| 08/31 | Official Checks Charge | 8.00 |
| Total Fees & Other Withdrawals | | \$1,049.00 |

DAILY ENDING BALANCE

| DATE | AMOUNT | DATE | AMOUNT |
|-------|------------|-------|-----------|
| 08/02 | \$7,163.99 | 08/17 | 15,713.16 |
| 08/03 | 6,702.46 | 08/18 | 16,626.80 |
| 08/04 | 7,992.00 | 08/19 | 16,969.03 |
| 08/05 | 7,967.62 | 08/20 | 17,719.03 |
| 08/06 | 10,217.62 | 08/23 | 20,503.13 |
| 08/09 | 13,213.31 | 08/24 | 20,449.45 |
| 08/10 | 14,939.50 | 08/25 | 26,139.74 |
| 08/11 | 9,666.33 | 08/27 | 19,582.88 |
| 08/12 | 22,183.38 | 08/30 | 21,704.59 |
| 08/13 | 14,928.23 | 08/31 | 20,330.59 |
| 08/16 | 15,177.12 | | |

SERVICE CHARGE SUMMARY

| TRANSACTIONS FOR SERVICE FEE CALCULATION | NUMBER OF TRANSACTIONS |
|--|------------------------|
| Checks Paid / Debits | 36 |
| Deposits / Credits | 25 |
| Deposited Items | 31 |
| Transaction Total | 92 |

| SERVICE FEE CALCULATION | AMOUNT |
|-------------------------|---------|
| Service Fee | \$12.00 |



July 31, 2010 through August 31, 2010
Primary Account: 000000863883989

SERVICE CHARGE SUMMARY (continued)

| SERVICE FEE CALCULATION | AMOUNT |
|--|---------------|
| Service Fee Credit | -\$12.00 |
| Net Service Fee | \$0.00 |
| Excessive Transaction Fees (Above 200) | \$0.00 |
| Total Service Fees | \$0.00 |

CHASE BUSINESS SELECT HIGH YIELD SAVINGS

LAW OFFICES OF DONALD W HUDSPETH PC

Account Number: 000002943613451

DEBTOR IN POSSESSION CASE 2 09-BK-30000

SAVINGS SUMMARY

TAX

| | INSTANCES | AMOUNT |
|--|-----------|-------------------|
| Beginning Balance | | \$49.50 |
| Deposits and Additions | 4 | 5,927.95 |
| Electronic Withdrawals | 1 | - 2,961.22 |
| Fees and Other Withdrawals | 2 | - 49.00 |
| Ending Balance | 7 | \$2,967.23 |
| Annual Percentage Yield Earned This Period | | 0.04% |
| Interest Earned This Period | | \$0.02 |
| Interest Paid Year-to-Date | | \$0.05 |

You could earn an even higher interest rate on your Chase Business Select High Yield Savings account if you link it to a qualifying checking account. Visit any of our branches for details or call us at the telephone number on your statement.

TRANSACTION DETAIL

| DATE | DESCRIPTION | AMOUNT | BALANCE |
|-------|---|-----------------|-------------------|
| | Beginning Balance | | \$49.50 |
| 08/12 | Online Transfer From Chk Xxxxx3989 Transaction#: 460254929 | 2,961.22 | 3,010.72 |
| 08/13 | Compupay, Inc Tax Col 003022376 CCD ID: 1592022495 | - 2,961.22 | 49.50 |
| 08/26 | Returned Item Fee For An Unpaid \$2,882.21 Item - Details: Compupay, Inc Tax Col 003022376 CCD ID: 1592022495 | - 34.00 | 15.50 |
| 08/27 | Online Transfer From Chk Xxxxx3989 Transaction#: 557692044 | 2,882.21 | 2,897.71 |
| 08/27 | Online Transfer From Chk Xxxxx3989 Transaction#: 557714374 | 84.50 | 2,982.21 |
| 08/31 | Interest Payment | 0.02 | 2,982.23 |
| 08/31 | Service Fee | - 15.00 | 2,967.23 |
| | Ending Balance | | \$2,967.23 |

You can waive your monthly service fee by maintaining an average savings balance of \$10,000 or more during the statement period.

30 deposited items are provided with your account each month. There is a \$0.20 fee for each additional deposited item.



July 31, 2010 through August 31, 2010

Primary Account: **000000863883989**

**GO PAPERLESS.
SAVE A TREE!**

Sign up for Chase OnlineSM Paperless Statements, and Chase will make a donation to the Arbor Day Foundation for a tree to be planted in the name of your business.¹

CHASE ONLINE PAPERLESS STATEMENTS. HELP THE ENVIRONMENT AND YOU'LL GET THESE GREAT BENEFITS:

CONVENIENCE. See and print your statements -- anytime. Online Statements look exactly like the ones you receive by mail.

SECURITY. Reduce the chances of a statement getting lost or stolen and reduce your exposure to mail fraud.

SPEED. Receive an e-mail notification when your statement is ready.

ACCESSIBILITY. Access up to 7 years of statement history. Non-paperless customers can only see up to 18 months of statement history.

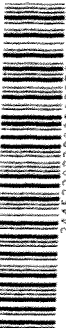
Don't wait!

Sign up for Chase Online Paperless Statements and help replant our national forests.

Visit **chase.com/DonateATree** today.

¹Offer ends 10/31/10. After successfully enrolling in Chase Online Paperless Statements, a donation card will be mailed to you no later than 12/15/10 confirming your donation. Please consult with your personal tax advisor on all tax-related matters.

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July 31, 2010 through August 31, 2010

Primary Account: **000000863883989**

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JPMorgan Chase Bank, N.A.
P O Box 659754
San Antonio, TX 78265-9754

Case No. 2:09 BK-30000 PHX-CGC
July 31, 2010 through August 31, 2010

Account Number: 000000863884326

00040302 DRE 601 141 24410 - NNNNN T 1 000000000 65 0000

LAW OFFICES OF DONALD W HUDSPETH PC
DEBTOR IN POSSESSION CASE 2 09-BK-30000
DEBTOR IN POSSESSION
3030 N CENTRAL AVE STE 604
PHOENIX AZ 85012-2713

CUSTOMER SERVICE INFORMATION

Web site: Chase.com
Service Center: 1-800-242-7338
Hearing Impaired: 1-800-242-7383
Para Espanol: 1-888-622-4273
International Calls: 1-713-262-1679

The California State Controller may soon issue Registered Warrants to pay certain State obligations. For more information about the Registered Warrants and our policies and conditions for accepting them, please go to www.chase.com/CAWarrants.

CHECKING SUMMARY

Chase BusinessClassic

| | INSTANCES | AMOUNT |
|----------------------------|-----------|-------------|
| Beginning Balance | | \$5,684.18 |
| Deposits and Additions | 2 | 17,053.61 |
| Checks Paid | 19 | - 22,649.79 |
| Fees and Other Withdrawals | 1 | - 12.00 |
| Ending Balance | 22 | \$76.00 |

DEPOSITS AND ADDITIONS

| DATE | DESCRIPTION | AMOUNT |
|------------------------------|--|-------------|
| 08/13 | Online Transfer From Chk Xxxxx3989 Transaction#: 462018180 | \$8,590.48 |
| 08/27 | Online Transfer From Chk Xxxxx3989 Transaction#: 557692957 | 8,463.13 |
| Total Deposits and Additions | | \$17,053.61 |

CHECKS PAID

| CHECK NO. | DESCRIPTION | DATE PAID | AMOUNT |
|-----------|-------------|-----------|----------|
| 163 ^ | | 08/02 | \$887.97 |
| 164 ^ | | 08/04 | 709.20 |
| 165 ^ | | 08/02 | 2,269.95 |
| 168 * ^ | | 08/02 | 1,584.60 |
| 169 ^ | | 08/02 | 144.46 |
| 170 ^ | | 08/16 | 887.97 |
| 171 ^ | | 08/16 | 709.20 |
| 172 ^ | | 08/16 | 2,269.95 |
| 173 ^ | | 08/16 | 1,693.37 |
| 174 ^ | | 08/13 | 1,026.15 |



July 31, 2010 through August 31, 2010
Account Number: **000000863884326**

BALANCING YOUR CHECKBOOK

Note: Ensure your checkbook register is up to date with all transactions to date whether they are included on your statement or not.

1. Write in the Ending Balance shown on this statement: **Step 1 Balance:** \$ _____

2. List and total all deposits & additions not shown on this statement:

| Date | Amount | Date | Amount | Date | Amount |
|-------|--------|-------|--------|-------|--------|
| _____ | _____ | _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ | _____ | _____ |

Step 2 Total: \$ _____

3. Add Step 2 Total to Step 1 Balance.

Step 3 Total: \$ _____

4. List and total all checks, ATM withdrawals, debit card purchases and other withdrawals not shown on this statement.

| Check Number or Date | Amount | Check Number or Date | Amount |
|----------------------|--------|----------------------|--------|
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |
| _____ | _____ | _____ | _____ |

Step 4 Total: -\$ _____

5. Subtract Step 4 Total from Step 3 Total. This should match your Checkbook Balance: \$ _____

IN CASE OF ERRORS OR QUESTIONS ABOUT YOUR ELECTRONIC FUNDS TRANSFERS: Call or write us at the phone number or address on the front of this statement (non-personal accounts contact Customer Service) if you think your statement or receipt is incorrect or if you need more information about a transfer listed on the statement or receipt. We must hear from you no later than 60 days after we sent you the FIRST statement on which the problem or error appeared. Be prepared to give us the following information:

- Your name and account number
- The dollar amount of the suspected error
- A description of the error or transfer you are unsure of, why you believe it is an error, or why you need more information.

We will investigate your complaint and will correct any error promptly. If we take more than 10 business days (or 20 business days for new accounts) to do this, we will credit your account for the amount you think is in error so that you will have use of the money during the time it takes us to complete our investigation.

IN CASE OF ERRORS OR QUESTIONS ABOUT NON-ELECTRONIC TRANSACTIONS: Contact the bank immediately if your statement is incorrect or if you need more information about any non-electronic transactions (checks or deposits) on this statement. If any such error appears, you must notify the bank in writing no later than 30 days after the statement was made available to you. For more complete details, see the Account Rules and Regulations or other applicable account agreement that governs your account.



JPMorgan Chase Bank, N.A. Member FDIC



July 31, 2010 through August 31, 2010
Account Number: **000000863884326**

CHECKS PAID (continued)

| CHECK NO. | DESCRIPTION | DATE PAID | AMOUNT |
|--------------------------|-------------|-----------|--------------------|
| 175 ^ | | 08/16 | 1,859.38 |
| 176 ^ | | 08/16 | 144.46 |
| 177 ^ | | 08/30 | 875.22 |
| 178 ^ | | 08/31 | 709.20 |
| 179 ^ | | 08/30 | 2,269.95 |
| 180 ^ | | 08/27 | 1,693.37 |
| 181 ^ | | 08/27 | 1,026.15 |
| 182 ^ | | 08/30 | 1,744.78 |
| 183 ^ | | 08/30 | 144.46 |
| Total Checks Paid | | | \$22,649.79 |

If you see a description in the Checks Paid section, it means that we received only electronic information about the check, not the original or an image of the check. As a result, we're not able to return the check to you or show you an image.

* All of your recent checks may not be on this statement, either because they haven't cleared yet or they were listed on one of your previous statements.

^ An image of this check may be available for you to view on Chase.com.

FEES AND OTHER WITHDRAWALS

| DATE | DESCRIPTION | AMOUNT |
|---|-------------|----------------|
| 08/31 | Service Fee | \$12.00 |
| Total Fees & Other Withdrawals | | \$12.00 |

You can waive the monthly service fee on your Chase BusinessClassic account by maintaining an average checking balance of \$5,000 or more during the statement period, linking this account to a qualifying Chase personal checking account or active Chase Business Credit Card, or conducting at least 5 debit card purchases each statement period. If you would like to understand more about your options, please visit any branch or call the number listed on this statement.

DAILY ENDING BALANCE

| DATE | AMOUNT |
|-------|----------|
| 08/02 | \$797.20 |
| 08/04 | 88.00 |
| 08/13 | 7,652.33 |
| 08/16 | 88.00 |
| 08/27 | 5,831.61 |
| 08/30 | 797.20 |
| 08/31 | 76.00 |

SERVICE CHARGE SUMMARY

| TRANSACTIONS FOR SERVICE FEE CALCULATION | NUMBER OF TRANSACTIONS |
|--|------------------------|
| Checks Paid / Debits | 19 |
| Deposits / Credits | 0 |
| Deposited Items | 0 |
| Transaction Total | 19 |
| SERVICE FEE CALCULATION | |
| Service Fee | \$12.00 |
| Service Fee Credit | \$0.00 |



July 31, 2010 through August 31, 2010
Account Number: **000000863884326**

SERVICE CHARGE SUMMARY*(continued)***SERVICE FEE CALCULATION**

| | <u>AMOUNT</u> |
|--|----------------|
| Net Service Fee | \$12.00 |
| Excessive Transaction Fees (Above 200) | \$0.00 |
| Total Service Fees | \$12.00 |

2:43 PM
10/14/10
Cash Basis

Law Offices of Donald Hudspeth, PC
Profit & Loss Budget vs. Actual
August 2010

Case No. 2:09 BK-3000-PHX-CGC

| | Aug 10 | Budget | \$ Over Budget | % of Budget |
|--|-----------|-----------|----------------|-------------|
| Ordinary Income/Expense | | | | |
| Income | | | | |
| 4100 · Legal Fees Earned | 50,166.93 | 36,732.00 | 13,434.93 | 136.6% |
| Total Income | 50,166.93 | 36,732.00 | 13,434.93 | 136.6% |
| Gross Profit | 50,166.93 | 36,732.00 | 13,434.93 | 136.6% |
| Expense | | | | |
| 6100 · Advertising Expense | 0.00 | 10.00 | -10.00 | 0.0% |
| 6115 · Bank Service Charges | 69.00 | 27.00 | 42.00 | 255.6% |
| 6125 · Books & Library | 0.00 | 83.00 | -83.00 | 0.0% |
| 6143 · Computer Expense | 2,494.30 | 780.00 | 1,714.30 | 319.8% |
| 6147 · Credit Card Merchant Charges | 509.34 | 780.00 | -270.66 | 65.3% |
| 6148 · Contract Labor | 150.00 | | | |
| 6149 · Client Costs | 132.50 | 384.00 | -251.50 | 34.5% |
| 6156 · Education Expense | 165.00 | 25.00 | 140.00 | 660.0% |
| 6180 · Insurance | | | | |
| 6186 · Professional Liability Ins | 210.82 | 225.00 | -14.18 | 93.7% |
| 6188 · General Liability- Office Lease | 0.00 | 74.00 | -74.00 | 0.0% |
| 6189 · Worker's Compensation | 0.00 | 56.00 | -56.00 | 0.0% |
| 6192 · Medical Insurance | 1,041.00 | 0.00 | 1,041.00 | 100.0% |
| Total 6180 · Insurance | 1,251.82 | 355.00 | 896.82 | 352.6% |
| 6250 · Marketing-Business Promotion | 1,627.92 | 814.00 | 813.92 | 200.0% |
| 6255 · Postage and Delivery | 0.00 | 250.00 | -250.00 | 0.0% |
| 6269 · Parking Expense | 0.00 | 21.00 | -21.00 | 0.0% |
| 6275 · Professional Fees | | | | |
| Dues | 0.00 | 47.00 | -47.00 | 0.0% |
| 6276 · Legal Fees - Expense | 78.12 | 840.00 | -761.88 | 9.3% |
| 6277 · Accounting Fees | 725.00 | 734.00 | -9.00 | 98.8% |
| 6278 · Recruiting/Placement Fees | 0.00 | 22.00 | -22.00 | 0.0% |
| Total 6275 · Professional Fees | 803.12 | 1,643.00 | -839.88 | 48.9% |
| 6280 · Filing Fees & Publications | 2,490.00 | 890.00 | 1,600.00 | 279.8% |
| 6283 · Business Meetings/Meals | 13.95 | 100.00 | -86.05 | 14.0% |
| 6285 · Research | 290.00 | 275.00 | 15.00 | 105.5% |
| 6295 · Rent | 3,170.34 | 3,170.00 | 0.34 | 100.0% |
| 6310 · Office Expense | 74.73 | 500.00 | -425.27 | 14.9% |
| 6312 · Storage | 157.92 | 100.00 | 57.92 | 157.9% |
| 6320 · Telephone | 1,067.40 | 500.00 | 567.40 | 213.5% |
| 6560 · Payroll Expenses | 102.04 | 110.00 | -7.96 | 92.8% |
| 6562 · Payroll | 21,269.89 | 22,311.00 | -1,041.11 | 95.3% |
| 6820 · Payroll Taxes | 1,627.15 | 1,748.00 | -120.85 | 93.1% |
| Total Expense | 37,466.42 | 34,876.00 | 2,590.42 | 107.4% |
| Net Ordinary Income | 12,700.51 | 1,856.00 | 10,844.51 | 684.3% |
| Other Income/Expense | | | | |
| Other Income | | | | |
| 7100 · Interest Income | 0.02 | | | |
| Total Other Income | 0.02 | | | |
| Net Other Income | 0.02 | | | |
| Net Income | 12,700.53 | 1,856.00 | 10,844.53 | 684.3% |

Law Offices of Donald Hudspeth, PC

Account QuickReport

August 2010

Case No. 2:09 BK-30000-PHX-CGC

| Type | Date | Num | Name | Memo | Split | Amount |
|---------------------------------|-----------|----------|-------------------------|--------------------|-----------------|-----------|
| 4100 · Legal Fees Earned | | | | | | |
| Deposit | 8/1/2010 | Phon... | Citro, Andrew 09167 | Client making... | 1106 · Chase... | 23.43 |
| Deposit | 8/2/2010 | Phon... | Swann, Nathan 100... | Flat Fee: Tra... | 1106 · Chase... | 1,230.00 |
| Deposit | 8/3/2010 | 1217 | Rumack, Beth 0701... | Payment on I... | 1106 · Chase... | 14.04 |
| Deposit | 8/3/2010 | 2012 | Lampert, Yigal 10025 | Payment on I... | 1106 · Chase... | 45.50 |
| Deposit | 8/4/2010 | Phon... | National Marketers, ... | Client paying ... | 1106 · Chase... | 2,000.00 |
| Deposit | 8/4/2010 | Phon... | Me and My Sister D... | Flat Fee: Rev... | 1106 · Chase... | 750.00 |
| Deposit | 8/5/2010 | Phon... | Roma, Romulo 10087 | Flat Fee: Fed... | 1106 · Chase... | 835.00 |
| Deposit | 8/6/2010 | #1782 | Me and My Sister D... | Flat Fee: Rev... | 1106 · Chase... | 2,714.00 |
| Deposit | 8/7/2010 | Phon... | Cranston, Laurel & ... | Flat Fee: Rev... | 1106 · Chase... | 750.00 |
| Deposit | 8/10/2010 | Cash | Blockstar LLC 10091 | Flat Fee: Fed... | 1106 · Chase... | 1,000.00 |
| Deposit | 8/10/2010 | 2497 | West Coast Auto Gl... | Invoice paym... | 1106 · Chase... | 6.23 |
| Deposit | 8/10/2010 | 4428 | Cook's Commercial... | Flat Fee: Rev... | 1106 · Chase... | 750.00 |
| Deposit | 8/10/2010 | 1091... | AFES LLC/Online T... | Invoice # 830... | 1106 · Chase... | 102.46 |
| Deposit | 8/10/2010 | Phon... | Antush, William 10... | Flat Fee: Part... | 1106 · Chase... | 750.00 |
| Deposit | 8/10/2010 | Phon... | Cranston, Laurel & ... | Flat Fee: Lau... | 1106 · Chase... | 1,000.00 |
| Deposit | 8/10/2010 | Email... | Ellis, Sara 10062 | Payment on I... | 1106 · Chase... | 386.35 |
| Deposit | 8/10/2010 | Cash | Espinal, Jose 10095 | Jose Espinal... | 1106 · Chase... | 500.00 |
| Deposit | 8/10/2010 | 2708 | Miller, Kevin 09172 | Payment on I... | 1106 · Chase... | 36.04 |
| Deposit | 8/12/2010 | 1807 | Knutson-End 2 End... | Fees Earned ... | 1106 · Chase... | 626.69 |
| Deposit | 8/12/2010 | 1808 | JG Staffing, Inc 100... | Fees Earned ... | 1106 · Chase... | 435.88 |
| Deposit | 8/12/2010 | 1809 | Torres & Vega 10030 | Fees Earned ... | 1106 · Chase... | 743.30 |
| Deposit | 8/12/2010 | 1810 | Maner, William 091... | Fees Earned ... | 1106 · Chase... | 50.00 |
| Deposit | 8/12/2010 | 1811 | Wolf, Don 10079 | Fees Earned ... | 1106 · Chase... | 4,813.55 |
| Deposit | 8/12/2010 | 1812 | Veteran's Security 9... | Fees Earned ... | 1106 · Chase... | 1,247.45 |
| Deposit | 8/12/2010 | 1813 | I-Fortuity 10085 | Fees Earned ... | 1106 · Chase... | 3,171.95 |
| Deposit | 8/12/2010 | 1814 | i-Fortuity, LLC 09090 | Fees Earned ... | 1106 · Chase... | 90.20 |
| Deposit | 8/12/2010 | 1816 | Hann, Brenda 10034 | Fees Earned ... | 1106 · Chase... | 2,500.00 |
| Deposit | 8/12/2010 | 1722 | Majors, Louie T. 08... | Re: Kachina ... | 1106 · Chase... | 850.00 |
| Deposit | 8/12/2010 | 1002 | Uddin, Fayyaz 10013 | Payment on I... | 1106 · Chase... | 200.00 |
| Deposit | 8/12/2010 | 1034 | Turner, Robert W. 0... | Payment on I... | 1106 · Chase... | 4.25 |
| Deposit | 8/13/2010 | Phon... | Unangst, Jason 100... | Flat Fee: Part... | 1106 · Chase... | 750.00 |
| Check | 8/16/2010 | 1234 | Molly Leyva | Client Refund... | 1106 · Chase... | -950.00 |
| Deposit | 8/16/2010 | Email... | Hann, Brenda 10034 | Payment on I... | 1106 · Chase... | 48.64 |
| Deposit | 8/16/2010 | Phon... | Rios, Adolpho 10096 | Flat Fee: Fed... | 1106 · Chase... | 865.00 |
| Deposit | 8/16/2010 | Phon... | Wolf, Don 10094 | Minimum Fee... | 1106 · Chase... | 750.00 |
| Deposit | 8/17/2010 | Phon... | Van Lake, Paul 100... | Payment on I... | 1106 · Chase... | 1,093.23 |
| Check | 8/18/2010 | 1240 | Jo Ann Joy PLLC | Re: Cook's C... | 1106 · Chase... | -426.00 |
| Deposit | 8/19/2010 | Phon... | Fox, Byron 10098 | Minimum Fee... | 1106 · Chase... | 1,500.00 |
| Deposit | 8/19/2010 | Phon... | Epic Framing LLC 1... | Flat Fee: Con... | 1106 · Chase... | 2,500.00 |
| Deposit | 8/20/2010 | Phon... | Tauriello, Greg 10100 | Flat Fee: Con... | 1106 · Chase... | 350.00 |
| Deposit | 8/20/2010 | Email... | Tauriello, Greg 10100 | Flat Fee: LLC... | 1106 · Chase... | 400.00 |
| Check | 8/24/2010 | 1241 | Arizona Bar Founda... | Deposited in ... | 1106 · Chase... | -1,000.00 |
| Deposit | 8/25/2010 | 1815 | i-Fortuiti 070118 | Fees Earned... | 1106 · Chase... | 49.73 |
| Deposit | 8/25/2010 | 1817 | Cook's Commercial... | Fees Earned... | 1106 · Chase... | 1,500.00 |
| Deposit | 8/25/2010 | 1818 | Veteran's Security 1... | Fees Earned... | 1106 · Chase... | 270.00 |
| Deposit | 8/25/2010 | 1819 | Antush, William 10... | Fees Earned... | 1106 · Chase... | 2,500.00 |
| Deposit | 8/25/2010 | 1820 | Emil, Evan & Tyler ... | Fees Earned... | 1106 · Chase... | 1,027.50 |
| Deposit | 8/25/2010 | 1821 | Schons, John & Ter... | Fees Earned... | 1106 · Chase... | 200.00 |
| Deposit | 8/25/2010 | 1822 | Espinal, Jose 10095 | Fees Earned... | 1106 · Chase... | 1,300.00 |
| Deposit | 8/25/2010 | 1823 | Cranston, Laurel & ... | Fees Earned... | 1106 · Chase... | 1,000.00 |
| Deposit | 8/25/2010 | 1824 | Stack, John 09041 | Fees Earned... | 1106 · Chase... | 350.88 |
| Deposit | 8/25/2010 | 1825 | I-Fortuity 10085 | Fees Earned... | 1106 · Chase... | 140.00 |
| Deposit | 8/25/2010 | 1826 | Emil, Evan & Tyler ... | Fees Earned... | 1106 · Chase... | 172.00 |
| Deposit | 8/25/2010 | Email... | Ellis, Sara 10062 | Payment on I... | 1106 · Chase... | 1,605.00 |
| Deposit | 8/25/2010 | Fax: ... | Phx Health/Wellnes... | Flat Fee: De... | 1106 · Chase... | 1,500.00 |
| Deposit | 8/26/2010 | Email... | Emil, Evan & Tyler ... | Paying bal of ... | 1106 · Chase... | 247.50 |
| Deposit | 8/26/2010 | Phon... | Knutson-End 2 End... | Payment on I... | 1106 · Chase... | 1,658.13 |
| Deposit | 8/26/2010 | Phon... | Blockstar LLC 10091 | Payment for ... | 1106 · Chase... | 1,329.00 |
| Check | 8/27/2010 | 1248 | Jo Ann Joy PLLC | Re: Jeff Griffi... | 1106 · Chase... | -150.00 |
| Deposit | 8/27/2010 | 1827 | Joy, Jo Ann 10102 | Fees Earned... | 1106 · Chase... | 500.00 |
| Deposit | 8/30/2010 | Phon... | Munson, Miles Sve... | Flat Fee: Dis... | 1106 · Chase... | 300.00 |
| Deposit | 8/30/2010 | #0047 | Cranston, Laurel & ... | Payment on I... | 1106 · Chase... | 250.00 |
| Deposit | 8/31/2010 | Email... | Simpson, Jason 10... | Flat Fee-LLC... | 1106 · Chase... | 750.00 |
| Deposit | 8/31/2010 | Email... | Phx Health/Wellnes... | Payment on I... | 1106 · Chase... | 160.00 |

Total 4100 · Legal Fees Earned

50,166.93

TOTAL

50,166.93

Law Offices of Donald Hudspeth, PC

Profit & Loss

August 2010

Case No. 2:09BK-30000 PHX-CGC

| | Aug 10 |
|-------------------------------------|-----------|
| Ordinary Income/Expense | |
| Income | |
| 4100 · Legal Fees Earned | 50,166.93 |
| Total Income | 50,166.93 |
| Gross Profit | 50,166.93 |
| Expense | |
| 6115 · Bank Service Charges | 69.00 |
| 6143 · Computer Expense | 2,494.30 |
| 6147 · Credit Card Merchant Charges | 509.34 |
| 6148 · Contract Labor | 150.00 |
| 6149 · Client Costs | 132.50 |
| 6156 · Education Expense | 165.00 |
| 6180 · Insurance | |
| 6186 · Professional Liability Ins | 210.82 |
| 6192 · Medical Insurance | 1,041.00 |
| Total 6180 · Insurance | 1,251.82 |
| 6250 · Marketing-Business Promotion | 1,627.92 |
| 6275 · Professional Fees | |
| 6276 · Legal Fees - Expense | 78.12 |
| 6277 · Accounting Fees | 725.00 |
| Total 6275 · Professional Fees | 803.12 |
| 6280 · Filing Fees & Publications | 2,490.00 |
| 6283 · Business Meetings/Meals | 13.95 |
| 6285 · Research | 290.00 |
| 6295 · Rent | 3,170.34 |
| 6310 · Office Expense | 74.73 |
| 6312 · Storage | 157.92 |
| 6320 · Telephone | 1,067.40 |
| 6560 · Payroll Expenses | 102.04 |
| 6562 · Payroll | 21,269.89 |
| 6820 · Payroll Taxes | 1,627.15 |
| Total Expense | 37,466.42 |
| Net Ordinary Income | 12,700.51 |
| Other Income/Expense | |
| Other Income | |
| 7100 · Interest Income | 0.02 |
| Total Other Income | 0.02 |
| Net Other Income | 0.02 |
| Net Income | 12,700.53 |

Law Offices of Donald Hudspeth, PC

Balance Sheet

As of August 31, 2010

Case No. 2:09 BK-30000-PHX-CGC
Aug 31, 10

| | |
|--|------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 1106 · Chase-OPERATING (Checking) 3989 | 13,271.93 |
| 1107 · Chase - PAYROLL (Checking) 4326 | 76.00 |
| 1108 · Chase - TAX (Saving) 3451 | 85.02 |
| Total Checking/Savings | 13,432.95 |
| Other Current Assets | |
| 1400 · Loan Receivable Officer | 11,407.19 |
| Total Other Current Assets | 11,407.19 |
| Total Current Assets | 24,840.14 |
| Fixed Assets | |
| 1500 · Furniture & Fixtures | 96,839.96 |
| 1550 · Office Art | 13,407.00 |
| 1600 · Lease Improvement | 9,382.40 |
| 1650 · Machinery & Equipment | 101,660.23 |
| 1700 · Vehicles | 35,430.00 |
| 1800 · Accumulated Depreciation | -235,337.17 |
| Total Fixed Assets | 21,382.42 |
| Other Assets | |
| 1900 · Impound Deposits | 755.63 |
| 1950 · Organizational Costs | 330.70 |
| 1960 · Amortization Accum | -330.70 |
| Total Other Assets | 755.63 |
| TOTAL ASSETS | 46,978.19 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Other Current Liabilities | |
| 2001 · Account Payable Sylvia La Mar | 1,012.99 |
| 2100 · FICA & Fed. Withholding Payable | 1,567.44 |
| 2110 · AZ Withholding Payable | 1,468.54 |
| 2502 · Note Payable - Lupe Marie Jasso | 4,254.34 |
| Total Other Current Liabilities | 8,303.31 |
| Total Current Liabilities | 8,303.31 |
| Total Liabilities | 8,303.31 |
| Equity | |
| 3000 · Don Hudspeth Capital | 5,228.76 |
| 3100 · Distributions | -40,351.71 |
| 3900 · Retained Earnings | 50,428.52 |
| Net Income | 23,369.31 |
| Total Equity | 38,674.88 |
| TOTAL LIABILITIES & EQUITY | 46,978.19 |